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Telecommunications Identification
System

EX PARTE OR LATE FILING

November 4, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

Re: Ex Parte Presentation in CC Docket No. 98-147;
In the Matters of Deployment of Wireline Services Offering
Advanced Telecommunications Capability

Dear Ms. Salas:

This afternoon, I met with Commission staff Robert Pepper, Staci Pies, Douglas Webbink, Brent Olson, Liz Nightingale, Maryanne McCormick, and another unidentified staff member who joined the meeting after it began. Donald Vial, Chair of the Alliance for Public Technology's (APT) Policy Committee, participated in the by telephone. The purpose of the meeting was to discuss our concern that the Commission's separate subsidiary proposal might undermine the ubiquity goal of Section 706 of the Telecommunications Act of 1996. In addition, we asked staff to recommend that the Commission promote partnerships between community-based organizations and providers to pull investment into markets that providers traditionally would not serve.

During the meeting, I provided staff with a written summary of these views, which APT had previously expressed in pleadings submitted in this matter and in the companion proceeding in CC Docket No. 98-146. I have enclosed two copies of the summary for the public record in the above-captioned proceeding. Thank you for including them there.

Sincerely,

Maureen A. Lewis
Maureen A. Lewis
General Counsel

Enclosures

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SUMMARY OF ALLIANCE FOR PUBLIC TECHNOLOGY'S VIEWS IN
FCC SECTION 706 PROCEEDINGS

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20541

SEPARATE SUBSIDIARIES

- "Uneven" regulatory treatment of different but converging technologies will impede reasonable and timely deployment of advanced telecommunications capability to all Americans.
 - requiring telcos to unbundle and resell their advanced digital networks to competitors under Section 251 discourages ILEC investment, handicaps their deployment in relation to cable industry, which is not subject to such regulation.
- While proposed rules offer ILECs option of avoiding resale and unbundling requirements by establishing separate data affiliates, competition may force these subsidiaries to behave like CLECS. CLECS tend to compete for high-margin business customers to the detriment of residential and small business customers in rural, low income and other less attractive markets. Thus, rules may undermine ubiquity goal of Section 706 and institutionalize competitors' preference for business customers.
- APT urges Commission to monitor closely deployment in traditionally underserved areas and consider terminating separate subsidiary use after a predetermined period, (e.g. 3 years to coincide with Section 272's sunset for long distance subsidiaries) if record demonstrates advanced services deployment occurring primarily to businesses. In that way, ILECs could optimize scale and scope of integrated operation to serve less attractive markets.
- Similarly, Commission should consider allowing small, rural carriers to offer advanced services on an integrated basis without requiring them to unbundle and resell such services.
- By using its discretion under Section 251(d)(2) to determine whether unbundled access to proprietary network elements is necessary and thereby exclude them from 251's coverage, the Commission affords itself a legal basis supporting more flexible use of the separate subsidiary.

DEMAND AGGREGATION

- Commission must also actively promote ubiquitous infrastructure investment by helping to develop federal/state policies to encourage partnerships that nurture community-developed demand for technology applications and pull investment for advanced infrastructure into underserved communities.
- APT recommends establishment of a federal/state joint board to develop such policies.

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